

Palm Beach Aggregates, Inc.

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September 28, 2007

Ruth P. Clements, Director
Land Acquisition and Land Management Department
South Florida Water Management District
3301 Gun Club Road, MSC 7300
West Palm Beach, FL 33406

Dear Ruth:

After our recent discussion I met with the other owners of Palm Beach Aggregates and I am pleased to confirm that PBA has agreed with your proposal to give a \$2.4 million credit to the District in the final construction payment owed by the District to PBA, which payment the District will make in January, 2008. We agree to this credit in the same spirit of partnership and commitment to producing a model facility, that has guided our efforts throughout the course of this challenging project, and we understand that the credit will be used to fund the District's Everglades restoration effort.

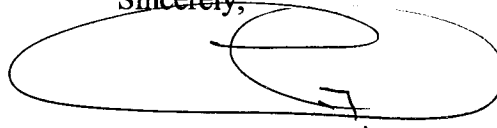
Since our initial agreement to construct the L-8 Reservoir, we have worked around the clock to complete the project on time, despite the challenge of three hurricanes, a severe drought and changing design specifications for CERP projects as those specifications evolved. We think this facility will serve as a model for other water storage features to benefit our natural environment and the people of South Florida. This accomplishment is a tribute to the process that the District undertook before it committed to acquire this reservoir – utilizing multiple appraisals and taking the extra step of commissioning an economic study to determine the value of the water storage.

As the L-8 Reservoir nears completion, it is clear that it will be the most effective, and the least expensive method of storing water for the good of the environment and the public. In fact, based on figures in the Palm Beach Post, the L-8 Reservoir will provide water storage at approximately half the cost per acre-foot as the 10-Mile Creek Reservoir. It is also worth noting that the L-8 Reservoir is the only operational regional reservoir in the District and the only significant operational CERP project to date. Recent controversies should not cloud the magnitude of this accomplishment, nor its success. Unlike the 10-Mile Project, we did incorporate the USACE and SFWMD revised criteria resulting from the aforementioned hurricanes into our design and construction.

From the beginning of this project, we have endeavored to be good partners with the District on this unique public-private venture. However, it is apparent now that much needs to be done to repair public confidence in our collective efforts. Please understand that our willingness to respond to the wishes of the Governing Board and staff is based solely on the hope that it will allow us all to focus on the many outstanding benefits of this reservoir and move beyond the controversies that recently have enveloped the project.

Thank you for your continued efforts to preserve and protect Florida's natural resources.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a smaller, more complex flourish that ends in a small hook.

Enrique A. Tomeu